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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF DUKE ENERGY INDIANA, INC., AN INDIANA)
CORPORATION, FOR AUTHORITY (i) TO ISSUE UP TO \$1.0)
BILLION PRINCIPAL AMOUNT OF DEBT SECURITIES TO)
BE COMPRISED OF PETITIONER'S SECURED FIRST)
MORTGAGE BONDS OR UNSECURED DEBT IN ANY)
COMBINATION THEREOF AND IN ONE OR MORE SERIES,)
PROVIDED, HOWEVER, THE AGGREGATE PRINCIPAL)
AMOUNT OF ALL SUCH SECURITIES SHALL NOT EXCEED)
\$1.0 BILLION, (ii) TO EXECUTE AND DELIVER LONG)
TERM LOAN AGREEMENTS TO BORROW UP TO \$300.0)
MILLION FROM THE INDIANA FINANCE AUTHORITY, (iii))
TO ENTER INTO CAPITAL LEASE OBLIGATIONS NOT TO)
EXCEED \$100.0 MILLION PRINCIPAL IN THE)
AGGREGATE, (iv) TO ENTER INTO INTEREST RATE)
MANAGEMENT AGREEMENTS, (v) TO REALIZE THE)
BENEFITS OF AN ECONOMIC DEVELOPMENT INCENTIVE)
BY ENTERING INTO AGREEMENTS WITH RESPECT TO)
THE SAME, AND (vi) TO APPLY THE NET PROCEEDS)
OBTAINED FROM SUCH SECURITIES, LOAN)
AGREEMENTS, CAPITAL LEASE TRANSACTIONS AND)
ECONOMIC DEVELOPMENT INCENTIVE TOWARD (a) THE)
DISCHARGE OR LAWFUL REFUNDING OF ITS)
OBLIGATIONS OUTSTANDING, OR THE)
REIMBURSEMENT OF ITS TREASURY FOR MONEY)
ACTUALLY EXPENDED FROM INCOME, OR FROM ANY)
OTHER MONEY IN THE TREASURY FOR SUCH PURPOSES,)
(b) PAYING PART OF THE COSTS OF PETITIONER'S)
CONSTRUCTION PROGRAM AND (c) PAYING THE COSTS)
OF ISSUING AND SELLING SAID SECURITIES, EXECUTING)
SAID LOAN AGREEMENTS, TRANSACTING SAID CAPITAL)
LEASE TRANSACTIONS OR REALIZING THE BENEFITS)
OF SUCH ECONOMIC DEVELOPMENT INCENTIVE)

CAUSE NO. 44266

APPROVED:

JAN 23 2013

INTERIM ORDER OF THE COMMISSION

Presiding Officers:
Kari A.E. Bennett, Commissioner
Loraine L. Seyfried, Chief Administrative Law Judge

On November 7, 2012, Duke Energy Indiana, Inc. ("Duke Energy Indiana" or "Petitioner") filed its Verified Petition and case-in-chief testimony with the Indiana Utility Regulatory Commission ("Commission") initiating this Cause.

In its Verified Petition, Duke Energy Indiana indicated that its current financing authority, as approved in the Commission's December 29, 2010 Order in Cause No. 43951 ("43951 Order"), will expire December 31, 2012. Petitioner requested the Commission issue an order in this Cause no later than January 31, 2013 to prevent any interruption in Petitioner's continued access to the capital markets. Verified Petition at 18.

At the December 10, 2012 Preliminary Hearing and Prehearing Conference, Duke Energy Indiana indicated that, due to the parties' agreed upon procedural schedule, it intended to file a Motion requesting an extension of its current financing authority until a final order could be issued in this Cause. The Indiana Office of Utility Consumer Counselor ("OUCC") indicated that it had no objection to an extension of Petitioner's current financing authority.

On December 13, 2012, Duke Energy Indiana filed a Verified Motion requesting the Commission extend its current financing authority on an interim basis from December 31, 2012 through the date the Commission issues an order in this Cause.

1. Notice and Commission Jurisdiction. Due, legal and timely notice of the Preliminary Hearing and Prehearing Conference was given as required by law. Duke Energy Indiana is a "public utility" within the meaning of Ind. Code § 8-1-2-1, and is subject to the jurisdiction of the Commission related to its financing pursuant to Ind. Code §§ 8-1-2-76 to -81 and Ind. Code § 8-1-2-83. Therefore, the Commission has jurisdiction over Petitioner and the subject matter of this Cause.

2. Petitioner's Characteristics. Duke Energy Indiana is a corporation organized and existing under the laws of the State of Indiana, with its principal office in Plainfield, Indiana. Petitioner is engaged in rendering electric public utility service in the State of Indiana, and owns, operates, manages and controls plant and equipment used for the production, transmission, delivery and furnishing of such electric service to the public.

3. Petitioner's Verified Motion. Petitioner's Verified Motion indicates that the 43951 Order authorized Petitioner, among other matters, to (i) issue and sell up to \$750 million principal amount of debt securities comprised of First Mortgage Bonds, Debentures, or Long Term Notes; (ii) execute and deliver one or more long term loan agreements to borrow from the Indiana Finance Authority or other authorized issuer of tax-exempt bonds up to a maximum of \$300 million aggregate principal amount of tax-exempt revenue bonds; and (iii) enter into up to \$100 million principal amount of capital lease obligations. The total financing authorization granted in the 43951 Order was \$1.15 billion.

Petitioner noted that in March 2012, it issued \$250 million 4.20% First Mortgage Bonds, and in July 2011, entered into \$200 million of forward-starting interest rate swaps with a weighted average rate of 4.42%.

Duke Energy Indiana stated that it needs the flexibility to be able to access the credit markets for financing purposes during the extended procedural schedule agreed upon with the

OUCC, and therefore requests the financing authority granted in the 43951 Order be extended through the date of a final order in this Cause.

The Motion was verified by W. Bryan Buckler, Director, Corporate Finance for Duke Energy Business Services, LLC.

4. Commission Discussion and Findings. Based on the Verified Motion, the Commission finds an extension of the financing authority approved in the 43951 Order is reasonable and in the public interest. Although Petitioner provided limited facts demonstrating its need for the approved financing authority to continue until an order is issued in this Cause,¹ the Commission is administratively aware of Duke Energy Indiana's financial commitments requiring the potential need to access the financial markets during the pendency of this proceeding. The financing authority will allow Petitioner to continue to provide reliable, safe, and cost effective electric service to its customers, and is in the public and Duke Energy Indiana's customers' interest. The financing authority also provides Petitioner with the flexibility to consider a variety of financing scenarios and to take advantage of the type of financing that is most reasonable for Petitioner and its customers, based on market conditions and opportunities. We also note that the OUCC had no objection to an extension of the financing authority.

Therefore, without reaching any conclusions as to the issues to be considered at the final evidentiary hearing in this proceeding, we find the financing authority approved for Duke Energy Indiana in the 43951 Order should be extended on an interim basis from December 31, 2012 until the Commission issues a final order in this proceeding.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The financing authority for Duke Energy Indiana approved by the Commission in its December 29, 2010 Order in Cause No. 43951 is extended on an interim basis from December 31, 2012 until the Commission issues its final order in this Cause.
2. This Interim Order shall be effective on and after the date of its approval.

ATTERHOLT, BENNETT, LANDIS, MAYS AND ZIEGNER CONCUR:

APPROVED:

JAN 23 2013

I hereby certify that the above is a true and correct copy of the Order as approved.



Brenda A. Howe

Secretary to the Commission

¹ In the future, Petitioner is encouraged to elaborate upon the particular facts that support its request for an interim extension of a Commission order, or to avoid the situation altogether by making its filing sufficiently in advance of the expiration of authority to avoid a need to seek an interim extension.